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News Release

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Eden Prairie man sentenced for wire fraud, money laundering

A 55-year-old Eden Prairie man was sentenced today in federal court for orchestrating a scheme to obtain money from others through the use of a fraudulent overseas development project. In St. Paul, United States District Court Judge Richard H. Kyle sentenced John Jefferson to 90 months in prison on six counts of wire fraud, nine counts of money laundering, and three counts of failure to file tax returns. Jefferson was indicted on December 9, 2008, and was convicted by a federal jury on July 27, 2009, following a five-day trial.

The indictment filed in this case and the evidence presented at trial indicated that between December 24, 2003, and August 20, 2006, Jefferson told details about his scheme to an unwitting third party, who, in turn, solicited money from others by repeating Jefferson's false representations. Specifically, potential investors were told Jefferson was working on an overseas development project that involved extracting natural resources from the African nation of Liberia. They were assured investment in the project would yield high returns. To support that assurance, they were told Jefferson had connections to senior U.S. national security officials as well as the governments of various African nations. Moreover, they were told the project had the backing of present and former national security officials in the United States and elsewhere.

Initially, victims of the scheme were drawn from the acquaintances and contacts of the unwitting third party, who Jefferson used to solicit investments. Victims of the scam sent investment dollars to that third party through wire transfers. The third party then delivered that money to Jefferson by way of other wire transfers or by hand, providing him cash, money orders, and cashier's checks. The third party believed s/he would share in the ultimate project payout, which s/he estimated would be approximately $4.4 billion.

In truth, however, there was no development project. Instead, investment money provided to Jefferson, often by wire transfers, was used by him to support lavish lifestyles for himself and members of his family. With that money, for example, Jefferson purchased luxury automobiles, including two Toyota Camry XLEs and three Mercedes Benzes. He also rented townhomes and provided cash to his spouse and adult children. In some instances, those cash disbursements exceeded $100,000. In addition, he failed to file federal tax returns in 2004, 2005 and 2006.

This case was the result of an investigation by the Internal Revenue Service-Criminal Investigation Division. It was prosecuted by Assistant U.S. Attorney John Docherty.

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